

January 25, 2002

Re: Advanced Notice of Proposed Rulemaking on Distributed Resources

To Whom It May Concern:

The Indiana Utility Regulatory Commission is initiating a preliminary discussion on the topic of distributed resources in Indiana. We view this open conversation among industry representatives and other interested parties as an outgrowth of the Commission's Reliability Proceeding (Cause No. 41736). It is our intention for these efforts to result in a comprehensive agency rulemaking addressing a range of related issues, including, but not limited to, interconnection standards, net metering, standby charges, and buy-back rates. These topics, along with the additional issues of siting, permitting and stranded costs are further fleshed out within the enclosed white paper, which we set forth merely as a starting point for future in-depth discussions. The Commission plans to use the submitted comments and the future discussions as the basis for an all-inclusive rule that we hope will encompass the thoughts and interests of all involved.

The goal for these discussions, and the future rulemaking, is to implement incentives whereby the value of distributed generation to individual customers and the utility are adequately reflected to each. The rulemaking process may be lengthy, however we hope the rewards to customers, utilities, system reliability and the state's environment make it a worthwhile endeavor.

The Commission is interested in hearing comments from all interested parties. Our timeline is for replies to be submitted by March 1, 2002 and for the first meeting to be held on May 9, 2002. Staff will develop an agenda for the first meeting during the interim that will be based on the submitted comments.

Kindly submit your comments electronically to David Johnston (djohnston@urc.state.in.us), Elizabeth Herriman (eherriman@urc.state.in.us), and Karin Boychyn (kboychyn@urc.state.in.us), of the Commission's Electricity Division. Receipt of comments will be noted by a return e-mail from a member of the Commission Staff.

The public can view the progress of these discussions by going to the Commission's website www.in.gov/iurc, and clicking on the link entitled 'Distributed Resources Workgroup'. All filed comments will be made public and posted on the aforementioned website.

The Commission is looking forward to embarking on this process and appreciates any and all insights on these issues or other related topics. Thank you for your time and we hope that you share our interest in moving forward with this collaborative process. Please direct your questions to David Johnston at (317) 232-4234.

Sincerely,

Chairman William McCarty

Enclosure: Distributed Generation White Paper